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SUBJECT: DAS JOHN MEETS OPPOSITION POLITICAL FIGURES, IFI
REPRESENTATIVES

¶1. (SBU) Summary. Human rights leader Kem Sokha told visiting DAS Eric John that his move into politics was in response to lowered USAID funding to his Cambodian Center for Human Rights (CCHR) NGO as well as continued calls from the Cambodian people that he return to political life. Kem Sokha said his new party would be more democratic and espouse a strong anti-corruption platform as well as term limits for the Prime Minister. Opposition leader Sam Rainsy told John that Cambodia was effectively a two-party state in the aftermath of the April 1 commune elections. Rainsy asked for USG support in convincing the government to resolve problems with voter registration, which Rainsy claimed kept many of his supporters from voting. Son Chhay, a SRP MP, discussed a request to send a delegation of Cambodian MPs to Burma; John welcomed the proposed trip, stating Cambodia was a good model for Burma to emulate. IFI representatives in Cambodia noted that the RGC has made some progress in planning for future oil/gas revenues, but more work needs to be done to ensure the petroleum sector benefits Cambodia by reducing poverty. End Summary.

Kem Sokha: Forced to Return to the Political Limelight

¶2. (SBU) Kem Sokha informed visiting EAP DAS Eric John on April 6 that he would end his NGO position as the leader of the CCHR organization as of May 1; afterwards, he would form a new political party. He explained that the reduction in funding to CCHR's activities by USAID over the last several years had created financial difficulties. In addition, supporters from the around the countryside had mistakenly interpreted the funding cuts as indicative of USG unhappiness with Kem Sokha's leadership. CCHR has been unable to secure additional funding from other donor states, he added, despite the submission of proposals to the European Union and others. Fund-raising attempts abroad have yielded little additional income for CCHR, continued Sokha, as Cambodian-Americans and others are unwilling to fund NGO activities in Cambodia.

¶3. (SBU) Finally, he said that people in Cambodia are looking for a new political party as an alternative to the status quo, and one that will really promote democracy. DAS John asked if, from a tactical point of view, it made sense to create another opposition party rather than combine forces with the SRP. Kem Sokha responded that the other political parties are not really democratic. Initially, people thought FUNCINPEC was a democratic alternative to the CPP but it failed and now is nearly destroyed -- as witnessed during the recent commune elections, said Sokha. When Sam Rainsy broke away from FUNCINPEC, many people followed him -- but the SRP has not proven to be a democratic party and Rainsy controls all the internal power and decisionmaking. If the SRP comes to power, he noted, it may simply replace the CPP and transfer the power from one autocratic ruler to another. If

Rainsy reforms his party, acknowledged Kem Sokha, then the need for Sokha to create another party is removed.

14. (SBU) Kem Sokha's vision of distinguishing his party from the others is to create a truly democratic party, with different centers of power within the party so that the party leader is not the sole decisionmaker. The president of the party will remain as president for two terms; all officials will be elected by grassroots supporters. Rather than a proportional electoral system as is in place in Cambodia, Kem Sokha favors a majority system with term limits for the Prime Minister. All elections in Cambodia would be direct elections, rather than the indirect elections that favor the party in power -- as happens with the Senate, the governors, and the village chiefs, he noted. Kem Sokha said his party will be future-focused, rather than constantly rehashing the problems of Cambodia's past and laying blame on other parties. In response to accusations that Hun Sen and the CPP have quietly provided support to Kem Sokha to start a party in order to split the opposition vote, Kem Sokha denied the rumors and underscored that "Hun Sen can't buy me."

15. (SBU) In terms of joining an alliance of opposition parties as Rainsy has called for, Kem Sokha said that he doubts an alliance with FUNCINPEC and the Norodom Ranariddh Party (NRP) would be of great use as the leadership of both parties has been discredited. When asked if he could organize in time to compete for the 2008 national elections, Kem Sokha said that he already has 200,000 of the needed 500,000 signatures/thumbprints. He is also asking supporters for money to finance the new party, and claims that he is uninterested if well-known personalities defect to his party. The key to his party's success, Kem Sokha noted, is support from agricultural workers and the grassroots supporters who backed his human rights NGO -- those people are the ones who

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pushed him back to politics and they represent his base. Kem Sokha is also looking to pair U.S. cities and their Cambodian-American population with different provinces, e.g., the Cambodian-Americans in Lowell, Massachusetts would be responsible for providing financial backing for his party's activities in Kampong Cham, Philadelphia for Prey Veng, California for Phnom Penh and Kandal, Seattle and Kampong Speu. Kem Sokha said he estimates his party could win 30 seats in the upcoming national elections.

Rainsy: Cambodia Now a Two-Party State

16. (SBU) A buoyant Sam Rainsy, leader of the opposition party named after him, greeted Eric John by informing him that his party managed to double its number of votes and win 25% of the overall vote in April 1, 2007 commune elections. He claimed that this was despite close to two million likely SRP voters being disenfranchised. He urged USG to press the RGC to correct voting problems before next year's parliamentary elections. Rainsy suggested that many of the problems could be corrected if the registration process was extended and simplified, and the CPP-aligned village chiefs were taken out of the process. Rainsy also expressed his desire to unite the opposition to defeat the ruling CPP. The Ambassador asked if Rainsy had consulted Kem Sokha recently about his new party. Rainsy answered that he did not believe that Sokha's new party would be successful in the short-run because it lacked a nationwide network. Tioulong Saumura, a SRP MP and wife of Rainsy, asked the Ambassador to mediate between Rainsy and Kem Sokha. The Ambassador demurred and suggested talking to Sokha directly was the best and fastest way to resolve their differences.

17. (SBU) Turning to Burma, Son Chhay, a senior SRP MP, informed the DAS that the National Assembly has been asked to send a delegation of MPs to Burma. The DAS stated that Burma was one issue the USG, SRP and the ruling CPP appeared to agree; he said that Burma can look to Cambodia as a model for

change and Cambodia was probably its closest model in ASEAN. John noted that though Cambodia's development has been filled with bumps, which the SRP knew about, its overall trajectory was positive and Burma could learn from it.

IFIs and an Update on Donor Support for Oil/Gas Sector

¶8. (SBU) At a lunch with International Financial Institution (IFI) representatives to discuss Cambodia's petroleum potential, conversation centered initially on estimates of the reserves. Asian Development Bank (ADB) Deputy Purnima Rajapakse described the evolution of estimates in 2004 from 400 million barrels of oil in Chevron's Block A up to 700-800 million barrels. More recently, there have been attempts to lower the estimates to reduce expectations, he said. World Bank Country Manager Nisha Agrawal commented that some important decisions on managing oil revenue have been made, such as determining that the revenue should flow through the national budget, but that lack of reliable estimates hampered the government's ability to deal with other issues, such as whether the taxation issue should be a part of the petroleum law or the tax law. This lack also gave the RGC an excuse to delay on issues; e.g., signing onto the Extractive Industries Transparency Initiative (EITI) agreement. John Nelmes, IMF Resrep, catalogued the many issues regarding management and oversight of the expected oil revenue that require resolution.

¶9. (SBU) In response to DAS John's question on whether Cambodia is likely to handle the oil revenue responsibly, opinions varied. Agrawal said that signs so far were not promising. The prospect of oil would allow Cambodia to borrow against future revenue, while China was pouring in aid money with "no strings attached," but in reality gaining access to Cambodian's natural resources. Nelmes of the IMF and ADB's Rajapakse agreed that Cambodia probably would not be as bad as Nigeria, nor would it be Norway. The Cambodian leadership would fund some beneficial projects to meet public demands for tangible proof that the RGC was using the money responsibly, and therefore the government would not be able to siphon off all of the revenue. Nelmes commented that PM Hun Sen wants Cambodia to be taken seriously and would not want to see its reputation ruined by complete mishandling of the money. Douglas Gardner, Resrep of UNDP, observed that whether it proved to be a blessing or a curse, oil and gas would change Cambodia fundamentally. It was the job of the international community to work to make it as much of a blessing as possible.

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Comment

¶10. (SBU) Kem Sokha held a farewell party at CCHR headquarters on April 10, and told members of the diplomatic community that he had met earlier in the day for several hours with the SRP. Rainsy is keen to create a united front against the ruling CPP in 2008, although the media reported that the SRP leader publicly allowed that he could also envision working with the CPP. Rainsy and Ranariddh's supporters from FUNCINPEC have often said that it would be unwise to publicly launch a united opposition to the CPP too early in the run up to the 2008 elections for fear that it would give the CPP more time to create divisions. Rainsy's call for a united front suggests that he needed to seize on his undisputed second place position in the commune polls to solidify his claim to the opposition leadership mantle in the face of Kem Sokha's announcement that the NGO leader would return to politics. Kem Sokha and Sam Rainsy have been eyeing one another warily since early 2006, when Kem Sokha was released from prison and began contemplating a return to politics, and Rainsy returned to Cambodia after the PM requested that the King pardon the opposition leader. Overcoming their differences (and respective egos) and

working collaboratively against the CPP is unlikely but it is clear that a strong and united opposition would force the CPP to look more carefully at their reform agenda to prevent the opposition from using corruption, land grabbing, and impunity to the opposition's advantage in 2008. End Comment.

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